

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

HARRISON COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

ALLEGED FAILURE TO COMPLY WITH
807 KAR 5:006, SECTION 6(5) AND
COMMISSION ORDER DATED AUGUST 2,
1995 IN CASE NO. 95-126

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)
)
)CASE NO. 97-492

O R D E R

By Order dated December 12, 1997, the Commission initiated this show cause proceeding against Harrison County Rural Electric Cooperative Corporation ("Harrison RECC") for allegedly violating 807 KAR 5:006, Section 6(5), for failing to read at least once during 1996 each customer-read meter on its system, and allegedly violating the Commission's August 2, 1995 Order in Case No. 95-126¹ by failing to file monthly status reports of its efforts to ensure that its prior failure to annually read customer-read meters was corrected.

At the request of Harrison RECC, the hearing scheduled in this case was canceled and an informal conference was convened. As a result of discussions during that conference, Harrison RECC and Staff entered into a Stipulation of Facts and Agreement, which was filed in the record on March 27, 1997 and is attached hereto as Appendix A and incorporated herein. Harrison RECC acknowledges that it did not read

¹ Case No. 95-126, Harrison County Rural Electric Cooperative Corporation - Investigation Into the Alleged Violation of 807 KAR 5:006, Section 6(5), and 807 KAR 5:006, Section 10(3).

all its customer-read meters in 1996 but that upon its new management becoming aware of the problem, it did read all customer-read meters in 1997 except for 31 which were not accessible. In addition, meter reading has been identified as a higher priority task and procedures have been established to ensure compliance with annual reading requirements. Its current management also stated that it was unaware of the filing requirements established in Case No. 95-126 and no copy of that order or any other reference to the filing requirement could be found in Harrison RECC's records.

In determining whether the results of the Stipulation are in the public interest and are reasonable, the Commission has taken into consideration the comprehensive nature of the Stipulation and the remedial action taken by Harrison RECC to read all customer-read meters in 1997. Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the Stipulation is in accordance with the law and does not violate any regulatory principle. The Stipulation is the product of serious, arms-length negotiations among capable, knowledgeable parties, is in the public interest, and results in a reasonable resolution of all issues in this case. The Commission further finds that Harrison RECC was served with a copy of the final Order in Case No. 95-126 and failed to file the monthly status reports as required therein. In addition, Harrison RECC knew of the requirement to read its customer-read meters once each year but knowingly failed to do so in calendar year 1996. Finding a willful violation of the August 2, 1995 Order in Case No. 95-126, and a willful violation of Commission Regulation 807 KAR 5:006, Section 6(5), the Commission will assess a civil penalty in the amount of \$500 against Harrison RECC for these two willful violations. However, the penalty will be held in abeyance until April 30,

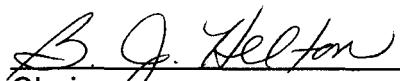
1999 and will not be due and payable unless within the next 12 months Harrison is again found to be in violation of the meter reading requirements set forth in 807 KAR 5:006, Section 6(5).

IT IS THEREFORE ORDERED that:

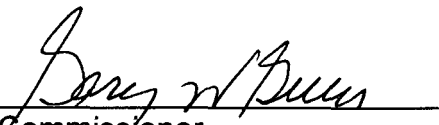
1. The Stipulation attached hereto as Appendix A is adopted and approved in its entirety as a complete resolution of all factual issues in this case.
2. Harrison RECC shall be assessed a civil penalty in the amount of \$500 which shall be held in abeyance until April 30, 1999.
3. The \$500 penalty assessed herein shall be due and payable in the event that within the next 12 months Harrison RECC is again found to be in violation of the meter reading requirements set forth in 807 KAR 5:006, Section 6(5).

Done at Frankfort, Kentucky, this 14th day of April, 1998.

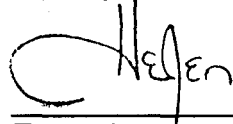
PUBLIC SERVICE COMMISSION

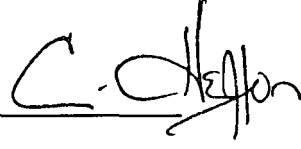

Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director



APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC
SERVICE COMMISSION IN CASE NO. 97-492 DATED APRIL 14, 1998
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|------------------------------------|---|-----------------|
| HARRISON COUNTY RURAL ELECTRIC |) | |
| COOPERATIVE CORPORATION |) | |
| |) | |
| ALLEGED FAILURE TO COMPLY WITH 807 |) | CASE NO. 97-492 |
| KAR 5:006, SECTION 6(5) AND |) | |
| COMMISSION ORDER DATED AUGUST 2, |) | |
| 1995 IN CASE NO. 95-126 |) | |

STIPULATION OF FACTS AND AGREEMENT

Harrison County Rural Electric Cooperative Corporation ("Harrison RECC") is a Kentucky Corporation engaged in the distribution of electricity for compensation for lights, heat, power, and other uses, and is utility subject to Commission jurisdiction. Pursuant to Commission regulation 807 KAR 5:006, Section 6(5), each utility using customer read meter information is required to read each revenue related meter on its system at least once during each calendar year. Harrison RECC's compliance with this regulation was previously the subject of a show cause proceeding in Case No. 95-126, which was terminated by an Order dated August 2, 1995. That Order found that Harrison RECC was in violation of the requirement to read each revenue meter at least once each calendar year, assessed a civil penalty of \$2,000 against Harrison RECC, and established the requirement for Harrison RECC to file monthly status reports of its efforts to be in compliance with 807 KAR 5:006, Section 6(5).

Harrison RECC acknowledges that its prior management did not place a high priority on meter reading, and although it paid the \$2000 penalty, none of the required

monthly status reports have been filed in Case No. 95-126. Harrison RECC further acknowledges that in calendar year 1996 it only read approximately one-third of its revenue meters. However, Harrison RECC's current management recognizes the importance of reading all revenue meters each year and recognizes the importance of reading all revenue meters each year and was able to do so in 1997, except for 31 meters that were not accessible.

This Stipulation is for use in Public Service Commission Case No. 97-492, and neither party hereto shall be bound by any part of this Stipulation in any other proceeding, except that this Stipulation may be used in any proceeding between the Public Service Commission and Harrison RECC.

By entering into this Stipulation, Harrison RECC agrees to waive its right to a public hearing on the two violations alleged in the December 12, 1997 Order and requests that the Commission issue a Final Order in this case based on the existing evidence of record.

Agreed to this 24th day of February, 1998.

HARRISON COUNTY RURAL
ELECTRIC COOPERATIVE
CORPORATION

STAFF OF PUBLIC SERVICE
COMMISSION

By: John Swinford
John Swinford
Its Counsel

By: Richard G. Raff
Richard G. Raff
Its Counsel